

PACIFIC NORTHWEST NATIONAL LABORATORY CONTRACT
DE-AC06-76RL01830

CONTRACT ADMINISTRATION PLAN

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**PACIFIC NORTHWEST NATIONAL LABORATORY CONTRACT
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POLICY

It is the policy of the U. S. Department of Energy, Richland Operations Office (RL) in administration of this contract to be fiscally and managerially responsible. Protection of the health and safety of the Pacific Northwest National Laboratory (henceforth known as the Laboratory) workers, the public, and the environment shall be paramount in all actions taken by RL and required of the Contractor. RL shall “partner” with the Contractor to create a working relationship, which strives for a “win-win” for all parties involved. The DOE-HQ Office of Science (SC) has designated the Office of Associate Manager for Science and Technology (AMT) to serve as the Laboratory Site Office, providing the daily operational oversight of the Laboratory through the RL Manager. The RL Manager, as the Head of Contracting Activity (HCA), has designated the AMT responsibility for contract management of the Laboratory (contract no. DE-AC06-76RL01830). These responsibilities shall be conducted within the interdependency model of the RL Integrated Management System (RIMS) to produce desired results, prioritize activities, and build confidence and satisfaction among customers, Tribal Nations, regulators, and stakeholders.

1.0 PURPOSE

The purpose of this Contract Administration Plan (CAP) is to provide contract administration and performance oversight guidance to RL employees who are involved with the direction, oversight, and evaluation of the Laboratory Contract. This CAP is intended solely to provide guidance to RL employees and shall not be construed to create any rights or obligations on the part of any person or entity, including the Contractor and its employees. This CAP is not intended to be either prescriptive or inclusive of all necessary actions for execution of the contract. Therefore, each organization should review its current procedures and office practices for consistency with the Federal Acquisition Regulation ([FAR](#)), Department of Energy Acquisition Regulations ([DEAR](#)), and [RIMS](#), and if required, revise its procedures.

Contract administration and performance oversight as used herein refers to those actions that are necessary to complete the government's contract responsibilities and obligations (e.g., establishment of RL's requirements, budget formulation, etc.). Contract administration is defined as those functions specified in [FAR, Subpart 42.3](#). Typical contract administration functions specified within the FAR/DEAR include, but are not limited to:

- Contract Administration and Audit Services are specified in [FAR Part 42](#);
- cost accounting standards administration is specified in [FAR Part 30](#);
- contract modifications are specified in [FAR Part 43](#) and contract clause [I-67](#), Changes;
- subcontracting requirements are specified in [FAR Part 44](#) and contract clause [I-18](#), Small, Small Disadvantaged and Women Owned Subcontracting Plan, [I-76](#), Contractor Purchasing System, clause I-52 Competition in Subcontracting, clause [I-91](#), Flow Down of Contract Requirement to Subcontracts, and clause [I-101](#), Make or Buy Plan;
- government property regulations are specified in [FAR Part 45](#) and contract clause [I-75](#) Property; and
- budgeting and obligating funds are specified in contract clause [I-70](#), Obligation of Funds, and [I-71](#), Payment and Advances.

DOE enters into contracts as a means of accomplishing its missions. DOE defines the work to be accomplished, provides the means for accomplishing the work (i.e., facilities and funding) and evaluates the Contractor's performance. Performance oversight refers to those tasks or direction actions that are necessary to complete the government's contract commitments (e.g., oversight of Contractor management of projects, establishment of RL specific requirements, budget and costs oversight, formulation and transmission of customer (DOE and other) requirements/needs of the Contractor, etc.). For example, RL assists SC in continuously assessing and verifying the needs of the

Laboratory's Scientific and Technological mission. This assessment includes confirmation that the Statement of Work (SOW) is adequate as written or, when necessary, modified when contract/mission changes are identified. RL is also responsible for approving annual work scope direction and budgets.

2.0 OVERVIEW

2.1 The Missions

There are three missions associated with Hanford and the Laboratory. The first is cleanup of the Hanford Site high-level waste, which is the responsibility of the Manager, DOE Office of River Protection (ORP). Second, cleanup of the remainder of the Hanford Site is the responsibility of the RL Manager. The third mission is science and technology development, which is administered by the RL Manager. The science and technology (S&T) programs are executed by the Contractor. The Contractor also provides direct support to the cleanup mission in coordination with other Site Contractors and ORP. Although historically associated, the Laboratory and the Hanford Site have evolved to become fundamentally separate contiguously located entities. The RL mission responsibility is depicted in Figure 2-1.

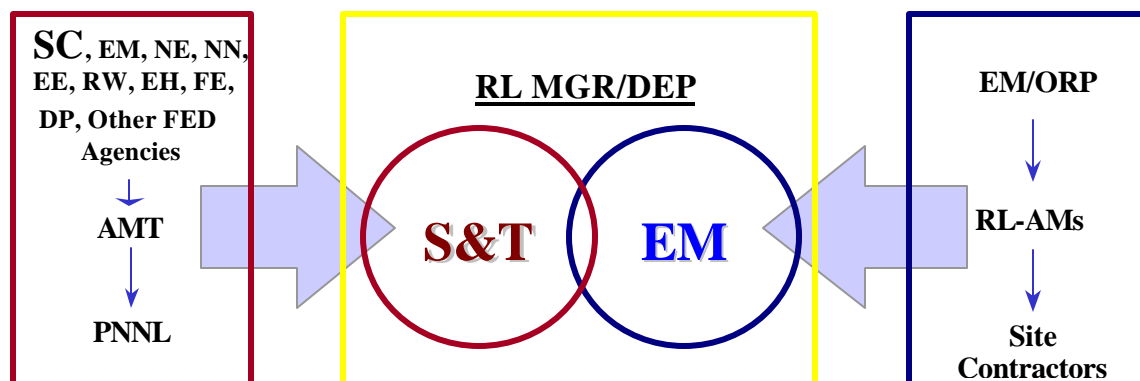


Figure 2-1 RL Mission Responsibility

The April 1999 restructuring of the DOE designated Environmental Management (EM) as the Lead Program Secretarial Office (LPSO) for RL and the newly created ORP. EM is the Cognizant Secretarial Office (CSO) for Hanford. SC is the CSO for the Laboratory. As the institutional steward and CSO for the Laboratory, the Director of SC is responsible for all aspects of Laboratory performance, including policy, operations, facilities, infrastructure, security, and environment, safety and health. The Director of SC, acting through the RL Manager, utilizes RL AMT as the Laboratory Site Office similar to those associated with several of the national laboratories. In this role, AMT is responsible for administering the Laboratory operating contract and negotiating with RL elements and Hanford Contractors for appropriate services and resources in support of the Laboratory and the S&T mission. This relationship was documented within a [Management Agreement](#) for PNNL Operations signed by EM, SC and RL on July 12, 1999, (the SC/EM/RL MOA can be viewed at <http://www.hanford.gov/doe/contracts/de-ac06-76rl01830/adminplan/moa.html>).

2.2 The Consolidated Laboratory

The Laboratory is unique within the DOE system in that it combines a DOE national laboratory and a privately owned R&D laboratory in a single complex ("Consolidated Laboratory"). Under the Consolidated Laboratory concept, work conducted under the prime contract can be performed in both government-owned and Contractor-owned facilities. Under the Consolidated Laboratory concept, the government pays the Contractor for the reasonable costs of using the private facilities while avoiding the up-front cost of constructing such facilities with appropriated funds. In addition, a special clause ([H-1](#) "Use of Facilities for Contractor's Own Account") allows the

Contractor to utilize designated facilities and other Government-owned property in its custody to conduct research and development activities for its own account, to the extent and in accordance with such terms and conditions as DOE and the Contractor may agree to from time to time as set forth in [Use Permit No. DE-GM06-00RL01831](#), dated February 1, 2000, while fully compensating the government for such use. Except as incorporated by reference in the Use Permit, the terms and conditions of the prime contract shall not apply to the Contractor's private research and development activities.

2.3 The Laboratory Site Office Organization

AMT has primary responsibility for providing workscope direction to the Contractor and provides contract management, performance oversight and contract administration activities as appropriate. This is carried out through the Laboratory Management Division (LMD) and Laboratory Operations Division (LOD) within AMT, which comprise the "Laboratory Site Office." The specific roles and responsibilities of the Laboratory Site Office are provided within Section 3.3 of this plan.

2.4 AMT Matrix Assignments

In order to successfully fulfill its "Site Office" responsibilities to SC, the AMT team requires personnel resources and skills not resident in the AMT organization. Such skills as procurement, legal, industrial hygiene, financial and budget analysis, information systems, and communications are nonetheless necessary to ensure adequate staff and successful execution of the science and technology mission. Access to these resources is gained through interdependent matrix personnel agreements with RL organizations outside of AMT. Current agreements can be viewed on the AMT web homepage (<http://www.hanford.gov/amt/links.html>).

These agreements comprise two types of partnering relationships: matrix assignment of other RL organization personnel to AMT and appointment of RL Managers both within and outside of AMT to serve as Contracting Officer's Representatives (COR) for Laboratory activities performed. The list of current COR's is available at the following RL web site http://www2.hanford.gov/coads/co_table.asp.

Just as the partnerships take on two forms, so, too, do the matrix assignments of personnel to the AMT team. These matrix assignments will take the form of full-time assignment of personnel, typically co-located with the AMT team. The second type is part-time assignment as points-of-contact to be collocated within the parent organization, but dedicated to support the AMT for an agreed-to percentage of their time. The specific duties and responsibilities shall be documented, as appropriate, within RIMS and as necessary through memorandums of agreements between the matrix or point-of-contact organizations and AMT.

2.5 The Contract

The Laboratory contract is a cost-reimbursement type, performance-based Management and Operations (M&O) contract, subject to the appropriate provisions of the [FAR](#) and [DEAR](#). The prime contractor for the Management and Operations of the Laboratory is Battelle Memorial Institute (Battelle), referred to as the Contractor. The contract to manage and operate the Laboratory was extended in 1997 for a period of five years, and continues through September 30, 2002, unless terminated sooner as provided for by the contract. As the M&O Contractor, Battelle is responsible for the management of Laboratory programs/projects, maintaining and enhancing the facility, equipment, and business infrastructure, and "marketing" Laboratory capabilities to meet current and future government science and technology needs.

The Laboratory contract is based on the principles of performance-based contracting as implemented for an M&O contract. Key elements of a performance-based contract are clearly stated, outcome-oriented performance measures, focusing on DOE's goals and objectives for the

Laboratory. Performance-based contracts are an important tool supporting the Government Performance and Results Act of 1993, which emphasizes strategic planning, performance goals, and assessing outcomes against those goals.

The contract is structured as follows:

<u>Section</u>	<u>Description</u>
A	Award Form
B	Supplies or Services and Prices/Costs
C	Statement of Work
D	Packaging and Marking - Reserved
E	Inspection and Acceptance – Reserved
F	Deliveries or Performance
G	Contract Administration Data
H	Special Contract Requirements
I	Contract Clauses
J	List of Other Documents, Exhibits and Other Attachments

<u>Appendices</u>	<u>Description</u>
A	Personnel Appendix
B	Special Banking Account Agreement
C	Subcontracting Plan for Socioeconomic Programs
D	List of Applicable DOE Directives
E	Standards of Performance-Based Fee
F	Performance Evaluation
G	Listing of Key Personnel
H	Reserved
I	DOE Research and Development Bilateral and Multilateral Agreements (Listing)

2.6 Performance-Based Contracting

As mentioned previously, the contract utilizes a performance-based management system, including Self-Assessment and Critical Outcomes (see Section 5.3), to measure progress of the Contractor in satisfying the Statement of Work, clauses and other terms and conditions. The fee earned is linked to the overall achievement of the Critical Outcomes. This system ensures that the Contractor is properly motivated consistent with DOE missions, values, and the achievement of the strategic outcomes (see Section J, [Appendix E](#), and the clauses [H-32](#) “Total Available Fee,” [H-33](#) “Conditional Payment of Fee,” [I-69](#) “Allowable Cost And Fee,” and [I-71](#) “Payments And Advances” of the contract for further information regarding fees). The Laboratory Site Office’s approach to Fee Administration is discussed in Section 5.3.5 of this plan.

Performance-based management for this contract includes clearly identifying the goals and outcomes which will lead to the overall success of the Laboratory in meeting customer needs; determining performance objectives for meeting them; deciding what to measure and the appropriate data collection methods; establishing challenging yet realistic performance expectations; maintaining operational awareness; and, collecting performance data, assessing actual performance against expectations, and using the results to improve performance. This process is managed as a combined effort lead by the Laboratory Site Office, and the support of other RL organizations as required (i.e., PRO, OCC, OPE, FIN, BUD, AMSE, etc).

The following principles govern the application of performance-based management for this contract:

- a) Performance-based management, which focuses on outputs and outcomes, is used at all levels to plan, oversee, evaluate, and reward Contractor performance.
- b) Critical Outcomes, Objectives, and Indicators, are established in partnership between AMT, RL, DOE-HQ, and Contractor organizations, customers, and stakeholders and linked with and support, strategic, multi-year, and annual goals of the parent organizations. They become contractually binding upon incorporation into the contract ([Appendix E](#)) by a contract modification issued by the CO.
- c) Resource decisions, including annual budget requests, are established and justified based on well-documented needs, previously achieved results and expected future workload and outcomes.
- d) The Contractor's self-assessment objectives, indicators, and measures are established by the Contractor, in partnership with the appropriate AMT, RL, DOE-HQ, other customers, and stakeholders (both external and internal), and are captured within the Contractor's division and directorate-level self-assessment plans. The Contractor's self-assessment is the primary tool used at all levels to assess and evaluate results and to improve performance. Assessment and evaluation also includes operational awareness, annual two-week reviews, outside agency reviews, and "For Cause" reviews.
- e) Performance results are used to improve on-going efforts, and to hold Managers and the Contractor accountable.

2.7 Partnering

An integral element of RL's contract administration approach is the concept of "partnering" with the Contractor. "Partnering" is described below:

Partnering is the creation of an owner-contractor relationship that promotes achievement of mutually beneficial goals. It involves an agreement in principle to supportively achieve the Laboratory missions, and to establish and promote a nurturing environment. Partnering is not a contractual agreement, nor does it create any legally enforceable rights or duties. Rather, partnering seeks to create a cooperative attitude in completing the work. To create this attitude, each party must seek to understand the goals, objectives, and needs of the other--their "win" situation--and seek ways that both parties' objectives can overlap. Partnering does not relieve the Contractor of its obligation to perform according to the terms of the contract; nor does it relieve the Contractor from the consequences of failing to perform.

Partnering is an important aspect in developing annual critical outcomes, objectives and measures that are documented within the contract performance evaluation and fee agreement. With mutual outcomes and objectives established, DOE and the Contractor have committed to work together in achieving the desired results for all identified goals.

Partnering will be achieved through establishment of aligned objectives, regular interaction with the Contractor via the Contractor's self-assessment process, routine meetings with appropriate persons, verbal and written communications, and conduct of surveillances.

3.0 Roles and Responsibilities

The following sections identify key individuals and/or organizations directly or indirectly responsible for the management, administration and performance oversight of the contract and generally describe the corresponding roles and responsibilities.

3.1 RL Manager

The RL Manager or designee, as HCA, has full contracting officer authority and is fully responsible for the Laboratory Contract. The HCA approves the performance evaluation rating awarded for each evaluation period as well as the amount of performance-based fee earned. The RL Manager or designee has the authority to stop any work activity, add work, and/or withdraw work.

The RL Manager or designee shall have the sole discretion to determine when an emergency situation exists at the Hanford Site affecting site personnel, the public health, safety, the environment or security. In the event the RL Manager or designee determines such an emergency exists, the RL Manager or designee shall have the authority to direct any and all activities of the Contractor and subcontractors necessary to resolve the emergency situation, throughout the duration of the emergency. Direction to stop work and direction given pursuant to an emergency situation shall be provided verbally or in writing. All verbal direction must be followed up with written confirmation as quickly as possible by letter and/or by a formal modification to the contract, as deemed appropriate. Addition or withdrawal of work shall be in writing.

3.2 Contracting Officer(s) (CO's)

Pursuant to [FAR 1.601](#), contracts may be entered into and signed only by the HCA or designated CO(s) or another CO in the absence of the designated CO(s). Pursuant to clause [G-2](#), of the contract, only the CO is authorized to accept non-conforming work; waive any requirement of the contract; or modify any term or condition of the contract. The CO holds the responsibility to administer or terminate (if found necessary) the contract and make related determinations and findings. The CO shall:

- Ensure that the requirements of [FAR 1.602-1\(b\)](#) (e.g., all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals) have been met;
- ensure that sufficient funds are available for obligation;
- obligate funds and approve payments;
- ensure that the Contractor receives impartial, fair, and equitable treatment;
- request and consider the advice of specialists in audit, law, engineering, transportation, and other fields, as appropriate, and
- be responsible for all contract administration functions listed in [FAR 42.3](#).

The CO implements contract administration functions through the appropriate RL organizations (i.e., AMT, FID, BUD, OCC, etc.) in accordance with the [RIMS](#) Acquisition Management System. The CO also has "Stop Work" authority in accordance with contract clause [I-51](#) "Stop Work Order - Alternate 1".

3.3 Associate Manager for Science and Technology (AMT)

The AMT has primary responsibility for providing workscope direction to the Contractor and provides contract management, performance oversight and contract administration activities as appropriate. The AMT has been delegated full COR authority for this contract (see COR appointment letter) in accordance with Section [G-1](#) of the contract. The AMT shall recommend to the HCA the performance elements and the final performance evaluation rating for each evaluation period as well as the amount of performance-based fee to be awarded to the Contractor. The two divisions under AMT, which comprise the Laboratory Site Office, within AMT is responsible for the following performance oversight and administration activities:

LMD oversees the contract through two teams, the Science and Technology Programs Team and the Contracts and Business Management Team. The Science and Technology Programs Team in partnership with the applicable DOE-HQ program organizations,

provides performance oversight regarding the administration of the research and development programs within the Laboratory. LMD is also responsible for oversight and administration of the Laboratory Work for Others program, as well as ensuring the appropriate integration of safety management throughout all programs/projects. The Contracts and Business Management Team in partnership with the applicable DOE-HQ and RL administrative organizations is responsible for the oversight of all the business management activities/organizations within the Laboratory. The Administrative Officer for this contract (also known as the Operations Officer) is located within the Contracts and Business Management team. The Administrative Officer is responsible for the review of all RL correspondence to the Contractor to ensure that AMT is cognizant of all correspondence and that correspondence not within the authority of a COR is directed to the CO for appropriate action.

LOD is responsible for the administration and performance oversight of operations and environment, safety and health programs. LOD is also responsible for the administration and performance oversight of the asset management (property and facilities), quality, and safeguards and security programs for the Laboratory. These functions are carried out, in partnership with the applicable DOE-HQ and RL organizations, through three program areas; Facility Operations; Environment, Safety and Health; and Quality Programs.

3.4 Contracting Officer's Representative (COR)

The CORs are designated by the CO to advise and assist the CO in administration of the contract pursuant to Section G-1 of the contract. CORs are designated to act as an authorized representative of the CO for specified functions, such as technical direction and monitoring. The COR shall be fully responsible for providing technical and/or administrative direction to the Contractor, relative to their project or area of responsibility, in accordance with Section G of the contract, CO Delegation letter, and the RIMS Acquisition Management System procedures. All direction to the Contractor shall be in writing.

In accordance with the responsibilities described in the COR Delegation letter and Clause G-1 of the contract, the COR may be responsible for the following items. Other appropriate RL employees and support contractors may be utilized to assist the COR in these areas.

- a) Provide performance oversight to ensure the products and services for which the COR is responsible are delivered by the Contractor in accordance with the terms and conditions of the contract, including quality.
- b) Perform inspection and acceptance of work, as required.
- c) Review Notices of Completion for fee, as required.
- d) Conduct periodic reviews, audits, and surveillances of the Contractor to ensure compliance with the contract, as required.
- e) Perform periodic reviews of the Contractor to evaluate its performance stipulated within the approved Performance Evaluation and Fee Agreement.
- f) Provide approval of Multi-Year Work Plans, Technical Task Plans, Field Work Proposals, and Work Authorizations as appropriate and in a timely manner.

A listing of CORs for the Laboratory contract and the extent of their authority is provided within the PRO Internet Home Page (http://www2.hanford.gov/coads/co_table.asp).

3.5 RL Facility Representatives

RL Facility Representatives shall assist the RL Manager, CO, and CORs in providing oversight of operations to ensure that the facilities are operated in a safe, healthful, and environmentally acceptable manner in accordance with DOE Orders and other requirements (refer to RIMS [Facility Representative Program](#)). The Facility Representatives, along with all other RL employees, have "Stop Work" authority in cases of imminent environmental, safety or health hazards, pursuant to the Hanford "Stop Work" Responsibility policy. Should a Facility Representative or other RL employee, "Stop Work," he or she shall be responsible to notify the CO and the appropriate COR as close to the occurrence of the event as practical. The Facility Representative shall also recommend restart based on his or her evaluation of the Contractors readiness to proceed. RL employees, to include Facility Representatives, do not have the authority to change the scope, price (except as the price may be impacted by a "Stop Work"), terms, or conditions of the contract.

3.6 Other RL Staff

All other RL staff shall support and assist the Laboratory Site Office, CO and COR(s) as specifically designated and/or as defined in employee Position Descriptions, Division Procedures, and as stated herein.

4.0 COMMUNICATING WITH THE CONTRACTOR

Communication protocols are commonly cross-referenced by the levels of contract authority (from unlimited authority to no authority). Since there are varying degrees of contract authority, both formal and informal communication protocols have to be carefully followed by all parties to prevent the misapplication of contract effort and direction. As the sole line organization responsible for the performance oversight and administration of the Laboratory contract, all communications with formal direction (with the exception of items that are contractual in nature, which are the exclusive responsibility of the CO) shall be issued to the Contractor through the appointed CORs. AMT as the Laboratory Site Office will work interdependently, through strategic partnerships, with all RL organizations to discharge appropriate DOE policy and direction for the Laboratory contract. Figure 4-1 graphically depicts this relationship and lines of communication. A listing of current COR's can be viewed on the PRO Internet Home Page at http://www2.hanford.gov/coads/co_table.asp.

PNNL Site Office (AMT) Business Model

Partnering for Results

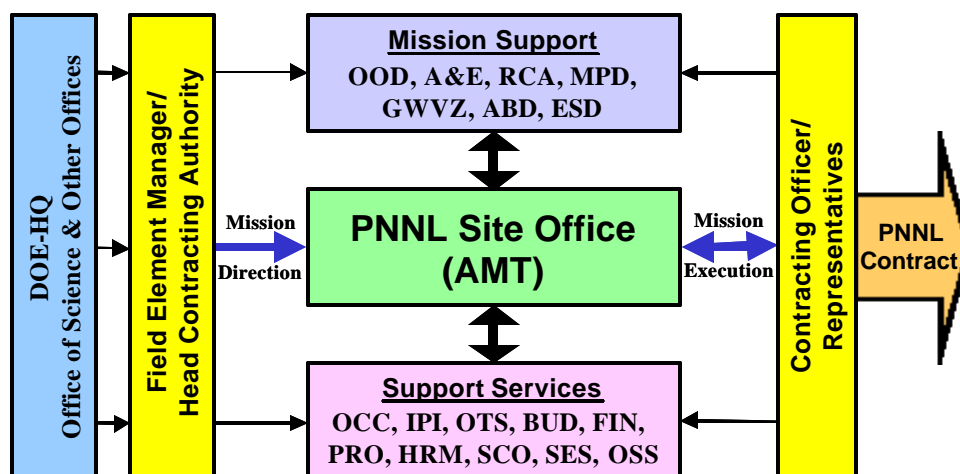


Figure 4-1

4.1 Formal Communications

Formal communications occur between individuals who are authorized to represent the contracting parties. For this contract this is the HCA (the RL Manager), CO(s), and CORs. Formal communications will usually be stated in writing, however oral communication may be used. Oral communications occur in meetings, briefings, by phone, and/or televideo conferencing. Formal direction given orally shall be confirmed in writing.

All formal written correspondence to the Contractor shall include the contract number (DE-AC06-76RL01830) within the subject line. Also, the following caveat should be included within the body of the correspondence issued by CORs:

“If, in my capacity as a Contracting Officer’s Representative (COR), I provide any direction which your company believes exceeds my COR authority, you are to immediately notify the Contracting Officer and request clarification prior to complying with the direction.”

Any RL Office may initiate correspondence to the Contractor, however, it must be routed through the Laboratory Site Office for concurrence and signed by either a designated COR for the Laboratory contract, the CO, or the HCA as appropriate. In general, technical direction should be issued from the COR. Any changes to the contract or interpretation of contract terms and conditions shall be issued by the CO. Also, the contract requires CO signature for some specific actions (i.e., clause [I-49](#) “Notice of Intent to Disallow Costs,” clause [I-102](#) “Laws, Regulations and DOE Directives,” etc.) The HCA has the authority to sign any of the above correspondence, but normally only correspondence requiring higher visibility is signed by the HCA (i.e., final performance evaluations/fee determinations, major contract revisions, Site wide policy direction, etc.).

4.2 Informal Communications

Informal communications can occur between any RL employee and any Contractor employee. This type of communications is non-binding for both the Government and Contractor and does not constitute contract direction (i.e., formal communication). Informal communication can take the form of electronic mail (e-mail, internet, etc.), retrievable databases, telephone, facsimile, presentations, meetings, and any other means.

Informal communications are encouraged and expected from RL staff and management in performance of their oversight responsibilities with the Contractor. In their informal communications, RL employees need to avoid the impression that the communications are formal. Particularly, when CORs are engaging in informal communications, they must be careful to identify those communications as non-binding. CORs should inform the Contractor as to whether or not the communications are formal or informal, and the Contractor should inquire to determine if the communication is formal direction.

4.3 Non-RL Communications

The Contractor will be required to communicate to other than RL employees in conjunction with its responsibilities and work scope. The following parties, though not limited to, are most likely to be involved: DOE-HQ; other Federal Government agencies; Environmental Protection Agency; Defense Nuclear Facilities Safety Board; other Hanford Contractors, Hanford Advisory Board; Tribal Nations; and the general public. Because these entities are outside of the contractual relationship between RL and the Contractor they are limited to informal communications only. They may not provide direction to the Contractor or issue any changes to the scope or terms and conditions of the contract. It is expected that these other sources of communication be coordinated and/or monitored by the responsible RL counterpart/organization, CO, or COR.

5.0 CONTRACT ADMINISTRATION

This section provides a general description of contract administration activities required to ensure contract requirements are being met and performance is meeting expectations. It does not capture every action that the DOE will need to complete in successful administration of the contract. To do so with a contract of this complexity is neither feasible, nor practical. It does however, set forth the higher-level requirements and tasks necessary and describes the overall process within which the tasks are performed. These activities are the responsibility of the CO and the Laboratory Site Office with support from appropriate RL and DOE-HQ organizations. These activities include RL oversight of the Contractor's implementation of [DEAR](#) and [FAR](#) requirements, and locally developed special clauses ([Section H](#) of the contract).

The general approach that AMT, as the single point-of-contact within RL, utilizes in administering the Laboratory contract is aligned with the RL [Acquisition Management](#) system as described within [RIMS](#). Acquisition Management is divided into three processes: acquisition planning (pre-solicitation), solicitation and contract award, and contract management/administration (which includes closeout). This section provides general contract administration and performance oversight guidance in accomplishment of the third process of contract management/administration, to include closeout. It also assists in the compliance with the [Contract Management](#) crosscutting process as provided within RIMS, providing the general direction required to complete the steps called out within the process for the administration of the Laboratory contract.

Contract administration functions are cited in [FAR Subpart 42.3](#). Of major importance in contract administration is the coordination and monitoring of the regulatory, technical, quality, safety, security, and business requirements to ensure that the Contractor performs to the requirements and the terms and conditions of the contract. The following subsections, which are not all-inclusive, highlight these management and administration functions and represent some of the more critical areas in the execution of the Laboratory contract administration.

5.1 Contract Direction

The following subsections describe some tasks or direction actions not specifically called out in the FAR, but that are necessary to complete the government's contract commitments. These contract direction tasks are covered here to ensure that it is recognized in this plan that RL is responsible for more than just the contract administration contracting actions for the Laboratory contract. For example, RL continuously assesses and verifies the needs of the Laboratory's scientific and technological mission. This includes confirmation that the SOW is adequate as written or, when necessary, modified when contract/mission changes are identified. RL is also responsible for approving annual work scope direction and budgets.

5.1.1 Statement of Work (SOW) Summary

The Laboratory contract SOW is the fundamental work description of the contract and establishes the basis and boundaries by which all other work direction is prepared. Changes to the SOW are accomplished through formal contract modifications issued by the CO or HCA.

The SOW, [Section C](#) of the contract, sets forth the work the Contractor is required to perform. Specific workscope is provided to the Contractor through the Work Authorization process described in Section 5.1.4 of this document. The remainder of the contract specifies the terms and conditions under which the Contractor is to perform the work.

The Contractor shall, in accordance with the provisions of the contract, accomplish the missions assigned by the DOE; and perform the work described in the SOW by providing the intellectual leadership and management expertise necessary and appropriate to manage, operate, and staff the Laboratory. Management of the Laboratory includes operation of the

Government-owned and Contractor-owned facilities as provided for in the operating contract, to the extent such facilities are used for DOE work. The Contractor shall maintain and enhance the Laboratory's core technical capabilities and carry out appropriate public outreach activities consistent with its mission.

5.1.2 Laboratory Institutional Plan

The [Institutional Plan](#) is an annual document that defines the Laboratory's mission and establishes mission-level strategic objectives as well as programmatic strategies covering a five-year period. It also identifies major Laboratory initiatives, operations/infrastructure strategic goals and provides three-year resource projections. The requirement for the annual development of the Institutional Plan is found within clause [H-20](#) "Long-Range Planning, Program Development And Budgetary Administration" and guidance for the development of the plan is provided by the DOE-HQ Office of Science through the Laboratory Site Office COR.

5.1.3 Technical, ES&H, and Business Activities Direction

Technical, ES&H, and business activities direction is issued by the CO/CORs in executing their respective areas of responsibility. Technical, ES&H and business activities direction must be within the scope of the SOW as stated in the contract and is primarily issued in writing. Non-COR RL employees as well as non-RL individuals or organizations cannot give technical, ES&H, or business activities direction, without appropriate delegation from the CO.

Technical, ES&H and Business Activities Direction is defined as:

- a) Direction to the Contractor that redirects the contract efforts (change control), shifts work emphasis between work areas or tasks, requires pursuit of certain lines of inquiry, fills in details, or otherwise serves to accomplish the SOW.
- b) Provision of written information to the Contractor that assists in the interpretation of drawings, specifications, or technical, ES&H, or business activity portions of the work description.
- c) Review and, where required by the contract, approval of technical, ES&H, or business activities reports, drawings, specifications, and information to be delivered by the Contractor to the Government under the contract.
- d) Monitoring Contractor performance of technical, ES&H, or business activities which includes, but is not limited to, inspection; approval of shop drawings; testing; approval of samples; engineering evaluation; monitoring schedules and deliverables; and other functions not involving a change in the scope, or terms or conditions of the contract.

5.1.4 Work Authorization

Authorization to the Contractor to proceed with work will be provided through approved work plans (multi-year work plans, technical task plans, work authorizations, etc.) for the work elements in the SOW or, as appropriate, revisions to the plans. Work is not authorized to commence until the Contractor receives both funding (via a contract modification) and the related work authorization guidance. The Laboratory Site Office Work Authorization Procedure shall be utilized for official authorization of specific programs/projects. The types of activities included in the work authorization are, requests for services, work for others, technical task plans, etc.

5.1.5 Laws, Regulations and DOE Directives

A listing of Laws, Regulations and DOE Directives applicable to this contract are provided in Section J, [Appendix D](#) of the contract. The RIMS [Contractor Requirements Documents](#) crosscutting process shall be utilized to review and determine applicability of new or changed directives to the Laboratory contract, and to incorporate appropriate directives into Appendix D. This is an ongoing process, however, the Laboratory Site Office shall periodically (but at least annually concurrent with the annual fee negotiations) review and update the listing of applicable Laws, Regulations, and DOE Directives to ensure that they are complete and current. New or modified requirements, applicable to this contract, shall be issued to the Contractor, in writing, in accordance with contract clause [I-102](#) "Laws, Regulations and DOE Directives."

5.2 Contract Modifications

The terms and conditions governing the Contractor will change from time to time, which will constitute the need for a modification to the contract. The CO must issue modifications to the contract. A modification can be administrative (unilateral), can be authorized by contract such as by a change order (unilateral or bilateral), or can be a supplemental agreement for work increasing the scope of the contract (bilateral). The regulations governing contract modifications are found within [FAR 43.0](#). Some examples of actions requiring such modifications are changes to FAR or DEAR clauses, costs, the SOW, changes to the listing of applicable DOE directives, and incorporation of new performance fees.

5.3 Performance Oversight

A primary principle of contract reform is the implementation of a results-oriented performance-based management and contracting environment. This philosophy leads to clear result-oriented statements of programmatic, business management, ES&H and security contract performance requirements and quality standards. The Performance Evaluation and Fee Agreement, as incorporated within Section J, [Appendix E](#) of the contract, provides the details regarding the development of evaluation criteria, performance reviews/determinations as well as how performance-based fee (if any) will be determined. Contract clause [H-32](#) "Total Available Fee," defines how performance-based fee will be implemented for the Laboratory contract.

The fee allocation strategy for the Laboratory contract is based on the principle that performance-based fee should be viewed as a benefit to the Government; that if the Contractor performs well, more fee should be earned than if the Contractor did not perform well. This strategy is consistent with contract reform. This principle leads to a strategy of incrementally rewarding exemplary performance rather than incentivizing particular activities and deliverables. Such a strategy transcends a narrow focus on outputs and elevates the performance discussion to the level of performance aligned with the overall mission and agenda of the institution. This allocation strategy is to be aligned with the DOE Strategic Plan, the DOE R&D Portfolio, DOE Roadmaps, the Hanford Strategic Plan, as well as the Institutional Plan for the Laboratory. It should represent the collective wisdom, formed in partnership, of the senior leadership of DOE-HQ, RL, and the Contractor.

5.3.1 Environment, Safety, And Health (ES&H) Protection

The protection of the safety and health of all employees, the public, and the environment shall be paramount throughout performance of the Laboratory contract. This protection is primarily carried out through the Contractor Integrated Safety Management System (ISMS), verified and approved by DOE, and adheres to all applicable Laws, Regulations, and DOE Directives set forth within [Appendix D](#) of the Laboratory contract. The AMT, LOD has the primary oversight responsibility for ES&H for this contract, while the LMD ensures the appropriate integration of safety management throughout all programs/projects.

The RL office of ES&H provides site-wide policy, interpretive guidance and general oversight support in the ES&H area. The LOD, through the COR, has the primary responsibility for ensuring that the Contractor is complying with its DOE-approved ISMS, ES&H Management Plan, Site-wide Safety Plan, and other ES&H requirements. The LOD will work in consultation with the RL Assistant Manager for Safety and Engineering (AMSE) in conducting routine oversight and assessment of the Contractor's work. DOE Policy 450.5, "Line Environment, Safety and Health Oversight" sets forth the expectations for DOE line management ES&H oversight and for the use of contractor self-assessment programs as the cornerstone for this oversight. The concepts contained within this policy have been adopted by AMT, not only for the ES&H arena, but also for the overall performance oversight of this contract.

If a determination is made that the Contractor is not in compliance with the ISMS, ES&H Management Plan, Site-wide Safety Plan, and/or any other ES&H contract terms and conditions then the LOD shall notify and work with the COR and/or the CO to take the proper contractual steps to ensure compliance and protect the Government's interest.

All RL employees involved in the performance oversight of this contract shall assist the LOD, AMSE, and the Contractor in ensuring all practices include adequate environment, safety and health protection.

5.3.2 Development of the Performance Evaluation and Fee Agreement

Prior to the beginning of formal negotiations, the CO, working with the Laboratory Site Office and the DOE-HQ SC, will identify the total available fee pool, utilizing the appropriate DOE Acquisition Regulations. The Laboratory Site Office, CO and the Contractor shall enter into negotiation to determine the total available fee and the allocation of fee. In the event an agreement on the amount of fee available cannot be reached the CO will make a unilateral decision, subject to appeal by the Contractor under the contract clause entitled, "Disputes." In the event RL and the Contractor fail to agree on the measures subject to fee or on the allocation of fee, the CO shall make a unilateral decision. The total available fee amount will be allocated to a 12-month cycle composed of one evaluation period with a mid-year evaluation. These fee negotiations will be conducted in accordance with the current DOE fee policies set forth in the DEAR.

Performance outcomes and objectives for the Laboratory are developed and agreed to each fiscal year by DOE-HQ, RL, and the Contractor. These performance outcomes, objectives and their indicators/measures provide the framework for evaluation of the Contractor's yearly progress toward meeting the S&T strategic goals for the Laboratory and ensuring the Contractor is managerially and operationally in control, meeting the requirements of the contract. Within this framework RL and Contractor staff team to develop mutually agreed upon performance indicators/measures. The philosophy of partnering (between customer [DOE] and service provider [the Contractor]) for the mutual success of the Laboratory is the cornerstone of this process. The Laboratory Site Office develops the yearly Performance Evaluation and Fee Agreement, working interdependently with appropriate DOE-HQ and RL organizations to ensure the plan provides for an evaluation of the Contractor's progress toward meeting the S&T strategic goals and the requirements of the contract. The Performance Evaluation and Fee Agreement is to be negotiated and approved by both parties on or before the beginning of each fiscal year.

5.3.3 Performance Monitoring (Daily Oversight)

In addition to providing direction to the Contractor, see Section 5.1.3, Technical, ES&H, and Business Activities Direction, RL must continuously monitor Contractor performance. The Laboratory Site Office COR has lead responsibility to monitor the achievement of performance outcomes, objectives, and indicators and compliance to other contract

requirements (i.e., ES&H, Financial, etc.). All requirements placed on the Contractor must be included or referenced within the contract. Areas requiring ongoing oversight and assessment include but are not limited to:

- Product/Services Quality: Delivery or performance of the product or services specified in the contract is of the quality specified.
- Contractor notices of private R&D work under the Use Permit.
- Cost Savings and Efficiencies: Performance that maximizes the benefit of the effort and avoids waste of resources in misdirected effort.
- Timeliness: Performance that is timely
- Budget: Performance that stays within budget.
- Contract Compliance: Adherence to all terms, conditions, and special concerns in the contract.
- ES&H: Adherence to all Environmental Protection, Public and Worker Safety and Health terms, conditions and requirements.

RL oversight activities should ensure work being conducted by the Contractor is consistent with the established contract and plans, and those applicable requirements (e.g., statutes, Federal, State, and Local Laws/Regulations, DOE Orders, and policies). Oversight does not include controlling the way the Contractor is doing the work, except where imminent environmental, safety, or health hazards have been identified.

Consistent with this definition, but specifically in accordance with [FAR 42.302](#), periodic project, program, or functional surveillances and RL independent assessments may be performed to determine the Contractor progress and to identify any factors that may delay performance or adversely be affecting environmental protection or protection of worker health and safety. The CO, CORs, and other designated staff in support of the CO, and CORs, shall perform periodic surveillances against established criteria. The Laboratory Site Office, and other RL organizations that provide subject matter expertise to the Laboratory Site Office (i.e., PRO, FIN, BUD, OCC, A&E, etc.), are responsible for determining the extent of surveillances to be performed. Oversight activities, including surveillances, may include formal Conduct of Operations reviews or informal observation and review of work activities. Laboratory Site Office policies and procedures shall include contractor oversight activities in alignment with RIMS procedures. All RL offices responsible for supporting the Laboratory Site Office in conducting contractor oversight shall include in their office procedures or practices details of their approach for performing such oversight activities. Anyone involved in performing oversight activities shall avoid any action that may (1) be inconsistent with any contract requirements, or (2) result in claims or waivers, changes, or other contract modifications.

5.3.3.1 Direction Resulting from Performance Oversight

As a result of performance oversight activities, it may be determined that additional guidance or direction needs to be provided to the Contractor. This direction should be provided via the methods described in Section 4.1, Formal Communications. In cases of imminent environmental, safety or health hazards, stop work authority may be exercised pursuant to the Hanford “Stop Work” Responsibility policy.

5.3.3.2 Roles in Contract Performance Oversight

Oversight is performed by the Laboratory Site Office COR, CO, and other staff at RL who have responsibility for the workscope being conducted by the Contractor. This includes the Facility Representatives who perform a key role in Contractor oversight. DOE-HQ, the regulators, the Defense Nuclear Facilities Safety Board

(DNFSB) and others may provide additional oversight assistance at various times. Oversight performed by individuals outside of the Laboratory Site Office shall be coordinated with the Laboratory Site Office and/or CO as appropriate.

5.3.3.3 Methods of Contract Performance Oversight

Oversight is conducted through various means and the methods used depend upon the information needed. Many RL oversight activities are initiated by request from the Contractor for RL review and approval of Contractor proposals, plans, and procedures. The Laboratory Site Office shall maintain a matrix identifying primary and secondary offices with responsibility for review and concurrence or approval of Contractor requests.

Much of the information required to monitor the Contractor performance should be available through regular reporting mechanisms. Confirmation of this data can be made through periodic meetings and reviews, Laboratory visits, one-on-one discussions, observations, assessments, and walkthroughs. Oversight activities can be formal or informal and include telephone, facsimiles, e-mail, written communications, and direct discussions. In addition, physical presence and observation of work is necessary in many instances such as conduct of operations, procedure compliance, and progress verification. RL personnel are encouraged to have an active presence and visibility where the work is being performed and to cultivate strong partnerships with their Contractor counterparts. The RL staff has full access to the Laboratory work areas, following appropriate ES&H and security protocols for each work area. Oversight also includes operational awareness, risk assessment, performance objectives/measures, self-assessments, annual reviews, and "For Cause" reviews.

5.3.4 Performance Evaluation

Evaluations of Contractor performance shall be completed as prescribed within the approved Performance Evaluation and Fee Agreement, as incorporated within Section J, [Appendix E](#) of the contract. The Contractor's self-assessment of its performance shall be the primary means utilized by DOE for determining the Contractor's performance within each rating period. Rating periods for the Laboratory run from fiscal year to fiscal year. The Contractor issues its Lab-Level Self-Evaluation Report to RL in October following each fiscal year rating period, which provides a roll-up of the Contractor self-assessment. Other information that RL may use to evaluate Contractor performance includes operational awareness, an annual two-week review, and DOE "For Cause" reviews.

Operational awareness is defined as the day-to-day interaction between DOE and the Contractor that helps DOE determine how well the Contractor is performing to meet the requirements of the contract. Factors influencing the degree for operational awareness include the nature of the work, the type of contract, and past performance. Some activities constituting an ongoing operational awareness process include, but are not limited to, operational readiness and preoperational assessments, management and operator walkthroughs, safety analysis reviews, and occurrence reporting.

A "For Cause" review supports operational awareness where review of Contractor operations or performance is required as a result of poor performance or trends indicating the potential for improvement requiring DOE follow-up to protect the Government's interest. Specific reviews may also arise from implementation of new requirements placed on the Contractor, or new, significantly revised Contractor systems, requiring validation. All "For Cause" reviews of the Laboratory Contractor shall be conducted through the

appropriate Laboratory Site Office and/or RL business function organization and only after review and approval of the Associate Manager for Science and Technology. The CO shall notify the Contractor in writing before initiating a “For Cause” review.

Additional sources utilized in Contractor evaluations may include outside agency reviews conducted during the rating period (GAO, IG, DCAA, etc.), and information gained during the two-week field review period. The annual two-week field review is set aside each year to provide the opportunity to validate Contractor self-assessment report data or other identified concerns. The annual two-week review includes the Business Management Oversight Process (BMOP) review, a Program Technical review, and a review of the Contractor’s Operation (to include ES&H) activities. Although this opportunity for validation is made available each year (typically in the November timeframe), it is RL’s intent that through a strong partnering relationship between RL and the Contractor throughout the year, supported by the processes described above, such as operational awareness, validation efforts can be kept to a minimum.

A performance evaluation report is developed by AMT and issued to the Contractor on or before the end of the first quarter following the end of the evaluation period. AMT will solicit input from DOE-HQ and other RL organizations for incorporation into the report. This report is issued by the RL Manager, and provides the overall evaluation rating supported by detailed information in each of the areas identified above.

Three interim evaluations are conducted each year. The first and third quarter reviews are informal where the Laboratory Director provides status information on each of the outcomes. These informal reports are provided during the first month following the end of each quarter at a meeting between the Laboratory Director and RL. A mid-year evaluation is conducted during April each year and consists of a joint RL and Contractor review of each performance review area formally presented to RL and the Laboratory Director.

5.3.5 Determination of Performance-Based Fee

At the conclusion of each specified evaluation period, RL shall evaluate and/or validate the Contractor’s performance and determine the total available fee amount earned in accordance with the Performance Evaluation and Fee Agreement. A written recommendation for approval/disapproval of payment of fee, along with all documentation gathered during the validation effort, shall be provided to the HCA by AMT, through the RL Office of Performance Evaluation, for final approval.

Although the Performance Evaluation and Fee Agreement will be the primary means for determining the amount of performance-based fee earned each fiscal year, other minimum requirements must be met in order for the Contractor to receive all otherwise earned fee as stipulated within the contract clause [H-33](#) “Conditional Payment Of Fee.” This clause also provides the HCA with the authority to increase the fee otherwise earned, if in the performance of the contract, the Contractor demonstrates exceptional performance, over and above expected levels, within areas, which may be outside of the parameters identified within Section J, [Appendix E](#), but are within the requirements of the contract.

5.4 Payment for Work Performed

A special payments-cleared financing arrangement is used to reimburse the Contractor for the allowable costs and fee associated with the work performed. Funds are provided by the Federal Reserve Bank through a Banking Agreement (Section J, [Appendix B](#)) to cover the Contractor’s costs. Annually, the Contractor certifies a Statement of Costs Incurred and Claimed as set forth within the contract clause [I-71](#) “Payments and Advances.”

5.5 Disputes

This contract is subject to the Contract Disputes Act of 1978, as amended ([41 U.S.C. 601-613](#)). Except as provided in the Act, all disputes arising under or related to this contract shall be resolved under the clause [I-46](#) "Disputes." However, it is the Government's policy to try to resolve all contractual issues by mutual agreement at the CO's level, without litigation. Both RL and the Contractor are to explore all reasonable avenues for a negotiated settlement in order to avoid disputes. When all possibilities for negotiation have failed, RL and the Contractor will, where appropriate, endeavor to move the potential dispute to Alternate Disputes Resolution (ADR) as called for within the contract clause [H-23](#) "Alternative Disputes Resolution." Each party is required to provide a written explanation to the other party for rejecting a request for ADR proceedings, citing the specific reasons that ADR procedures are inappropriate for resolution of the dispute. Should DOE or the Contractor be unable to satisfactorily resolve the dispute using ADR or cannot agree on its application, they shall resume the formal process authorized in the contract clause [I-46](#) "Disputes" cited above. The CO shall be informed of any pending dispute no matter what stage of resolution it is in.

5.6 Termination

Terminations, partial or complete, may become necessary at some point during the Laboratory Contract period of performance. The contract includes the "Termination" clause ([I-92](#)), which provides the essential framework. Terminations can be either for the convenience of the Government or a consequence of the Contractor's default of the contract. In either case, the actions of the Government and RL are distinct from any other contract action that may arise. The roles of the CORs in the event of a termination will closely resemble those for any other material change to the contract. Should a termination occur, the Contractor would prepare and submit a termination proposal, which will be analyzed by RL technical and pricing staff for validity and then negotiated by the CO with the assistance of staff elements.

5.7 Closeout

Once the contract is concluded, RL and the Contractor will enter into the closeout phase. This formal process establishes the final conditions surrounding the Contractor's performance of the contract. Emphasis is placed on:

- The status of Government property that the Contractor was responsible for and the laboratory clearance of that property which has or shall be disposed.
- Resolution of purchase and transfer, as appropriate, of Contractor privately owned facilities and equipment utilized under the Consolidated Laboratory.
- Reconciliation of funding, and settlement of final indirect cost rates and factors.
- Classified information and special nuclear materials accountability, and termination of DOE-access authorizations (security clearances).
- Resolution of unresolved claims made against the Contractor and RL, and final settlement of subcontracts.
- Resolution of performance evaluations and fee determination/payment, release of the Government from continuing liabilities, and other legal, technical and programmatic activities needed to end the contracting relationship.

In order to accomplish the closeout of the contract, effort by a number of RL organizations will be necessary and will be committed to the effort as needed.